

**DW 04-144
DW 04-145**

**BEDFORD WASTE SERVICES CORPORATION
BODWELL WASTE SERVICES CORPORATION**

Rate Case Proceedings

Order Approving Collection Procedures and Fees

ORDER NO. 24,550

November 29, 2005

I. BACKGROUND

Bedford Waste Services Corporation (Bedford) is a sewer utility providing sewer services to 78 customers in Bedford. Bodwell Waste Services Corporation (Bodwell) is a sewer utility providing sewer service to 440 customers in Manchester and Londonderry. On July 1, 2005, the New Hampshire Public Utilities Commission (Commission) issued Order Nos. 24,479 (as to Bedford, in Docket No. DW 04-144) and 24,480 (as to Bodwell, in Docket No. DW 04-145), approving stipulation agreements submitted by the parties in the rate proceeding each utility had instituted.¹ The Commission authorized annualized rate increases of 13.20 percent for Bedford and 27.51 percent for Bodwell.

The rate increases were determined in part by anticipated expenses as well as estimated revenues derived from customers. With respect to revenues, the stipulations required each company to submit a revised tariff updating its collection procedures to allow it to pursue its

¹ The two proceedings were not consolidated. We issue one order covering both dockets here because the pending issues are identical, both utilities are owned by Lamontagne Builders and both are managed by Stephen P. St. Cyr.

relatively high past due customer accounts more aggressively. The companies submitted draft revised tariff pages on July 18, 2005, and, subsequent to receiving comments from Staff, each filed a second revised tariff on September 26, 2005.

The two proposed tariff revisions are identical. Each includes an interest rate of 1 percent per month on balances not paid within 45 days from the postmark date. If the balance remained unpaid after 60 days from the postmark date, the company would add a \$50 collection fee. If the balance remained unpaid after 90 days from the postmark date, the company would assess an administrative fee of \$200 in order to pursue the matter in small claims court. If the utility received a favorable judgment from small claims court, it would add an administrative fee of \$100 to cover the expense of placing a lien on the customer's property. If non-payment of any bill required the company to consult an attorney, it would assess the customer an additional fee of \$200 to cover legal expenses.

On October 17, 2005, Staff filed a letter in each docket recommending the Commission approve the utilities' filings. Staff stated past due accounts became an important issue in each rate case and that Staff encouraged the companies to reduce their level of past due accounts aggressively. Staff had testified at hearing of its concern that Bedford's accounts payable for 2003 totaled \$12,058 and Bodwell's were \$34,955. Tr. 6/9/2005 in DW 04-144 at 14, line 20 and Tr. 6/9/2005 in DW 04-145 (6/9/05) at 17, line 3. Staff stated that the accounts payable represented just less than half of Bodwell's then-current revenue requirement. *Id.* at 17 lines 7-8.

In supporting the revised collections policies, Staff noted other collections options, such as discontinuing service for non-payment of bills, were prohibited by N.H. Code Admin. Rules Puc 703.03. Staff recommended the Commission approve the proposed collection

procedures and fees, as submitted on September 26, 2005, subject to two conditions: (1) that each company file the tariff in conformance Puc 1603 regarding proper format; and (2) that each company revise the tariff to accommodate Puc 1203.08(a), which exempts financial hardship customers from imposition of late charges and penalties.

II. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to establish just and reasonable rates for a public utility after notice and hearing. Accordingly, we review the proposed collection fees according to this standard.

The two sewer utilities' proposals to charge an interest rate of 1 percent per month on balances not paid within 45 days is consistent with tariffs we have approved for other utilities. For instance, the applicable tariffs for Public Service Company of New Hampshire and Unitil Energy Systems, Inc. contain 1 percent interest charges on late payments. We recognize that a 1 percent per month interest charge on unpaid bills, however, may not have enough of a deterrent effect on the customers of Bedford and Bodwell to significantly reduce the accounts payable backlog.

Public health reasons make it inappropriate for sewer utilities to have the option of disconnecting service for nonpayment. *See* Puc 703.03. Other types of utilities can take such a step and thus have a means of limiting their exposure to high accounts receivable. We agree with Staff, Bedford and Bodwell that more aggressive penalties should be available to the two sewer utilities in the interest of reducing the level of unpaid customer bills.

We recognize that the proposed collection, administrative and legal fees are more severe than those we have typically approved for other utilities. Nevertheless, we find them reasonable in the particular circumstances of these two companies. When a significant number of customers fail to render timely payment for service, that failure can adversely affect the rates of all customers and can adversely affect the utilities' financial ability to provide safe and adequate service, as required by RSA 374:1. We are charged with establishing just and reasonable rates and charges, including those that can enable Bedford and Bodwell to meet their service obligation. For these reasons, we find that the collections fees proposed by Bedford Bodwell are just and reasonable and we approve them, for effect as of the date of this Order.

With respect to Staff's conditions of approval, we note that N.H. Code Admin. Rules Puc 1203.08(a) prohibits utilities from imposing late payment charges for overdue bills of financial hardship customers. Pursuant to Puc 1202.10, financial hardship customers are defined as residential customers enrolled in the Low Income Home Energy Assistance Program, Electric Assistance Program, Neighbor Helping Neighbor Program, Link-Up and Lifeline Telephone Assistance Programs, or any other government or government-funded low income assistance program. It is possible that some Bedford and Bodwell customers may fall within the financial hardship exception and we will thus require each company to amend its tariff filing to be consistent with Puc 1203.08(a). Lastly, we also require Bedford and Bodwell to refile the applicable tariff pages so that they comply with the format requirements of Chapter Puc 1600. Should circumstances change or if either company is unable to reduce its accounts receivables through these new collections policies, we may revisit our decision. To that end, we direct Staff to monitor each utility's accounts receivables, as reported in the annual reports, and inform the Commission if the collection policies are not effective.

Based upon the foregoing, it is hereby

ORDERED, the proposed collection procedures and fees specified above are hereby APPROVED, effective as of the date of this Order, subject to the conditions contained herein; and it is

FURTHER ORDERED, that Bedford Waste Services Corporation and Bodwell Waste Services Corporation shall separately submit revised tariff pages for its collection procedures and fees, in accordance with N.H. Code Admin. Rules Puc 1200 and 1600, within 15 days of the date of this Order.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of November 2005.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Michael D. Harrington
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary